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BACKGROUND PAPER MARCH 1989

THE INTERNATIONAL TRADE IN ARMS

by Keith Krause

INTRODUCTION

The international strategic climate has become much less dangerous over the past two years, as numerous wars in the Third World show signs of drawing to a close. The Iran-Iraq war, the Soviet occupation of Afghanistan, the Vietnamese occupation of Cambodia, the fighting between government forces and *contras* in Nicaragua, the Angolan-Namibian-South African war, and the war in the Western Sahara have all come to an uneasy truce. There has also been a dramatic reduction in tension between the superpowers and between their respective alliances, symbolized by the treaty to eliminate intermediate nuclear weapons in Europe. Large cuts in strategic nuclear weapons arsenals appear within reach, and these may even be followed by cuts in the conventional military forces of both sides.

But underneath this optimistic picture, one aspect of the international security situation has improved only slightly: the trade in conventional arms. In 1986, (the most recent year for which figures are available) $37 billion dollars worth of arms were traded, with more than 40 states selling and 107 states buying arms. Although this figure is lower than the peak of $50 billion reached in 1984, most of the drop can be explained by poor economic conditions in the developing world (including the debt crisis) and by a saturation of the arms market after rapid increases in the 1970s. Preliminary indications for 1987 and 1988 suggest only a small further decline. Over the longer term, the volume of the arms trade has increased steadily (with only brief pauses) in real terms since the early 1960s. Many of the weapons transferred today go to global flashpoints such as the Persian Gulf or Southern Africa, and if the current climate of peace changes the potential for more bloody and destructive wars will be greater.*

What are the possible consequences of the international arms trade? On the one hand, states purchase weapons because they cannot produce them domestically, and because they have a duty to protect their citizens from external threats to their security. On the other hand, these same purchases can be seen by neighbours as a threat, and can trigger regional arms races that consume scarce financial resources. An arms buildup also virtually guarantees that if a conflict breaks into war it will be more violent than it otherwise might have been. For the dominant supplier states, the dilemma is equally acute: the United States and Soviet Union want to guarantee the security and stability of clients and allies, but also want to avoid entanglements that could drag them into a nuclear confrontation.

States buy and sell arms for a variety of reasons, many of which will be discussed below. But the first step is to get a general grasp of the structure of the international arms market.

SOME FACTS AND FIGURES

The quality of statistics on the arms trade are probably as poor as any that can be found. There are no trustworthy comprehensive statistics because most suppliers and recipients are extremely reluc-

* The term "transferred" is used in place of "sold" (and "transfers" in place of "sales"), because it covers weapons supplied as grants, or bartered, or provided on generous financial terms.

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...of what they bought or sold, who they bought it from or sold it to, and how much was paid. Analysts rely on three annual sources of information, each of which has its own strengths and weaknesses:

- the US Arms Control and Disarmament Agency (a government agency), which publishes the dollar volume of the arms trade by year and country. It gives no details of the weapons traded or the sources of the information, and thus cannot be checked for accuracy.
- the International Institute for Strategic Studies (an independent institute), which publishes details of the types of the weapons in states' arsenals, but no aggregate data on weapons flow.
- the Stockholm International Peace Research Institute (an independent institute), which publishes details of the flow of major weapons to the Third World, but includes neither all weapons nor all recipients.**

Keeping in mind that all the following figures are only tentative, Tables I and II list the top suppliers and recipients in the 1982-1986 period.†

TABLE I Arms Suppliers, 1982-1986

Supplier	Market Share (million dollars)	Market Share (percent)
Soviet Union	87,100	37
United States	51,400	22
France	20,500	9
Britain	6,925	3
West Germany	6,685	3
Italy	4,625	2
Other Developed	10,980	5
Poland	5,125	2
Czechoslovakia	4,775	2
Other Warsaw Pact	6,775	3
China	6,475	3
Other Developing	21,195	9
Total	232,560	100

** The full titles are: US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers*; International Institute for Strategic Studies, *The Military Balance*; Stockholm International Peace Reseach Institute, *World Armaments and Disarmament Yearbook*.

TABLE II Top Ten Arms Recipients, 1982-1986

Recipient	Dollar Value (millions)	Percentage
Iraq	31,740	14
Saudi Arabia	16,715	7
Syria	10,830	5
Libya	10,160	5
India	9,275	4
Iran	8,405	4
Cuba	7,830	3
Egypt	7,640	3
Vietnam	6,935	3
Soviet Union	5,550	2
Total of the top ten	115,080	50
World Total	232,560	100

The first thing one notices from the two tables is that both the supply and demand sides of the market are concentrated: the top ten recipients and top two suppliers account for more than 50 percent of all arms transferred. But although the arms trade is concentrated between a few major buyers and sellers one should not neglect the general increase in spending on arms, and on the military, throughout the world. Forty-four states increased their real spending on arms imports between 1977 and 1986, and 87 states spent more (in constant dollars) on their military. Although the money spent in Bangladesh or North Yemen may not be much in global terms, it can have a great effect on development priorities.

The second striking feature is that the top nine major clients are in the developing world, and six of them are in the Middle East (broadly defined). Overall, 78 percent of the $37 billion of arms traded in 1986 went to the Third World. It was not always like this. In the 1950s and early 1960s, the main customers were the European states which were rebuilding their military establishments and arms industries after World War II. East Asian states (from Korea to Vietnam) were the second largest recipients, as a result of the Indochina (Vietnam) and Korean wars.

Three sets of events upset this pattern. First, the decolonization of African and Asian states that began in 1948 with

† These tables are derived from the US Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers, 1987*. Although no details of the sources of information are given, the figures for the Soviet Union appear to be somewhat inflated, as previous editions show the United States and Soviet Union with virtually identical shares. The figure for "other developing" states is also probably underestimated.

India's independence created a steady stream of new customers, intent on creating their own military establishment. While they were colonies or protectorates these states possessed only small "constabularies" that were more like police forces than regular armies. The newly-independent states purchased mainly used or second-line equipment that was not technologically sophisticated.

Second, the 1973 and 1978 oil price increases created a number of extremely wealthy arms customers, most of them in the Middle East. These clients demanded and received the most sophisticated weapons in the arsenals of the superpowers, occasionally even before a superpower's own military had received the equipment. The Shah of Iran, the most extreme case, was given a "blank cheque" in the early 1970s by Secretary of State Henry Kissinger to purchase any non-nuclear weapon the United States produced, and he received F-14 fighters before the US Navy was fully equipped with them. The Soviet Union's most favoured customers were kept on a slightly tighter leash, but by the late 1970s clients such as Syria or India were receiving top-of-the-line MiG fighters as these planes came into service in the Warsaw Pact. Other suppliers also offered their most sophisticated weapons for sale.

Finally, the 1967, 1969-1970, 1973 and 1982 wars in the Middle East triggered, as all wars do, huge demands for arms. Between 1967 and 1974, Israel, Egypt, Syria and Jordan purchased $6,442 million worth of arms. The Iran-Iraq war added to this pressure, and the early 1980s witnessed a series of large arms purchases throughout the Persian Gulf region.

The supplier's side of the market has evolved more slowly, and it has some more permanent features. Based both on their market share and on their motivation for selling arms one can distinguish three persistent "tiers" of suppliers:

- first tier: the United States and Soviet Union
- second tier: other industrialized suppliers
- third tier: the emerging developing world suppliers

The share of the first-tier states has been slipping since World War II, first as the French, Germans, Poles and Czechs re-entered the market in the 1960s, and later, as new suppliers such as Brazil, Israel, China and Turkey began exporting arms. In the 1963-1966 period, the United States and Soviet Union accounted for more than 73 percent of total transfers; today they account for only 59 percent. †† But there does not appear to be any danger of them being caught by suppliers such as France, which are unlikely to increase their market share beyond current levels.

Much attention has been paid in recent years to the developing world suppliers, whose share of the market has increased from just over four percent in the 1963-1966 period to about 12 percent today. Before 1980 the arms trade was virtually entirely a North-South traffic and no Third World state was capable of supplying more than a small proportion of its military needs. But a series of embargoes and other supply restrictions pushed Israel, China, Brazil, Argentina, Egypt, Turkey, Chile, Taiwan and South Korea (among others) to produce their own arms. As the Brazilian air force minister said in 1977, "the time has come to free ourselves from the United States and the countries of Europe." Although in many cases the arms are destined primarily for domestic use, the same forces that push first- and second-tier states to export arms brought most of these new producers into the international arms market as exporters. The only major arms producer that does not export large quantities of arms is India.

As a last element in this statistical summary one should examine the customer profile of major suppliers. The Soviet Union has fewer clients than the United States (46 in 1982-1986 versus 79 for the United States), and its largest customers are either Warsaw Pact states (Poland, Bulgaria, East Germany and Czechoslovakia are the main clients), or states with which it has signed "Friendship and Cooperation" treaties: Angola, Vietnam, Ethiopia, Iraq, Syria and Cuba. Not all of these states are "obedient" clients of the Soviet Union, however, and Iraq and Syria have been particularly troublesome for the Russians. In addition, many buyers of Soviet weapons such as India, Peru and Jordan have virtually no attachment to the "international socialist community." The most prominent clients of the United States are likewise close political allies. West Germany, Britain, the Netherlands and Turkey are the largest customers from the North Atlantic Treaty Organization (NATO). Israel, Egypt, Saudi Arabia, South Korea, Taiwan, Pakistan and Japan, are close non-NATO allies.

Second- and third-tier states have a more diverse customer profile. Britain and France maintain close ties with many ex-colonies in Asia and Africa, but they have aggressively pursued new markets in South America and the Middle East. Other second-tier suppliers such as Germany, Italy and Czechoslovakia have tended to concentrate their efforts in specific geographic areas: West Germany's largest market is South America and Czechoslovakia's biggest customer is Libya. Third-tier states operate on the fringes of the market, offering a range of inexpensive, unsophisticated, rugged, and easy-to-operate weapons to customers who either cannot use or cannot afford better weapons. Some, such as Brazil and Chile, have supplied both sides in the Iran-Iraq war. International "pariahs" such as Israel or South Africa have great difficulty exporting arms openly, and Israel, for example, has cultivated close (and secret) ties with various other "outcasts" such as Guatemala or Iran.

†† Other indicators suggest the actual share of the superpowers may be even closer to 50 percent.

WHY STATES BUY AND SELL ARMS

Suppliers

Arms exports have been justified as providing a range of political, economic and military benefits to suppliers. These can be broken down as follows:

Political benefits

- provide influence over leaders and elites in recipient countries
- symbolize a commitment to a client's security and stability
- exclude other suppliers from having influence
- help a client regime protect itself against internal threats
- provide leverage to pursue diplomatic objectives
- create a regional balance of power
- maintain a regional presence

Economic benefits

- provide foreign exchange, and help the balance of payments
- reduce weapons costs for one's own military
- maintain employment in defence industries
- recover research and development costs
- stimulate industrial development

Military benefits

- act as a *quid pro quo* for military bases or privileges
- substitute for direct military involvement
- test new weapons systems
- help allies maintain defences against a common threat

Not all suppliers seek the same mix of benefits from their arms transfer relationships. For first-tier states the "economic" benefits of arms sales do not loom large. Both the United States and the Soviet Union produce the entire range of modern weapons and have a huge domestic military market that absorbs most of the arms produced. Exports are thus only a small proportion of total production and neither superpower depends heavily on the revenue generated from arms sales to protect jobs or reduce the costs of weapons for their own forces. In fact, they supply large quantities of weapons "free" as grants or with low-interest loans. In 1985, the United States guaranteed loans for more than $5 billion of its arms sales in 1985, and the Soviet Union signed a $1.7 billion deal with India with a loan at a 2.5 percent interest rate.

This willingness to subsidize arms sales means that first-tier suppliers are more concerned with the political and military benefits that come from arms transfer relationships. Arms sales are part of the global struggle for influence between the United States and the Soviet Union, and part of the measure of international success or failure. Countless examples can be found of pressure being applied to clients to support specific or general superpower policies, ranging from votes in the United Nations, to better trade relations, to ceasefire proposals in wars. On the military side, both superpowers have explicitly linked arms transfers to the opening or maintenance of military bases, to joint military exercises, or to the pre-positioning of supplies that can be used in time of crisis. Egypt, Mozambique, Somalia and the Philippines have all been pressured in this way by the superpowers.

Second-tier suppliers' motives are different, as they are trapped in a difficult struggle to maintain independent defence industries. Britain and France, the two most prominent producers, manufacture top-of-the-line weapons in all major categories (aircraft, land vehicles, missiles, naval craft), but do not have a large enough domestic market to keep the costs of individual items down. The research and development costs of a jet fighter, for example, are enormous, and must be spread evenly over the total number of fighters produced. Thus the cost of each plane decreases as more are built: it is much less expensive *per plane* to build 1000 fighters than to build only 100. This gives the United States and Soviet Union, with their huge internal demand, a comparative cost advantage. Since neither the British nor the French air forces are large enough to purchase all the fighters that have to be built to keep the price down, both states are virtually forced to pursue aggressively arms exports. The French Dassault company, which produces *Mirage* fighter planes, regularly exports more than 60 percent of its products. Dependence on exports is so great that one French defence minister instructed the military to "take export potential into account when choosing military equipment" — a clear case of the tail wagging the dog.

The same dilemma presents itself to all lesser second-tier producers, regardless of their products. The result is that these suppliers cannot afford to be as selective about which customers to supply, cannot afford to supply many arms on a grant or low-cost loan basis, and therefore cannot attempt to extract additional political benefits from the relationship. Although these suppliers (especially the French) are often accused of designing their arms transfer policy around crude economic considerations, one must realize that behind the perceived economic benefits lies a *political* consideration: the need to maintain an independent national defence industry to guarantee sovereignty and autonomy. As the American commitment to Western Europe becomes less and less certain, European NATO states are more conscious of this need, and thus the arms trade with the Third World becomes linked to East-West relations in another way.

Third-tier producers have diverse motives for selling arms. The "pariah" state producers (South Africa, Taiwan, Israel) export arms simply to offset the cost of independent industries that are developed initially for political reasons.

Small producers such as Singapore, Chile and Pakistan have "enclave" arms industries that produce one or two easily exported items; arms exports merely help ease balance of payments problems.

Larger producers such as Brazil, Egypt, Turkey and Yugoslavia have more complex motives. They too have almost always experienced supply restrictions that spur the creation of a domestic arms industry, but they also argue that the progression from arms customer to possessor of a "modern" arms industry can provide them with a larger international political role and push them along the path of industrial development. These states attempt to follow a clear evolution from the repair and assembly of arms purchased, to licensed production of complete weapons systems, to indigenous modification of foreign designs, to indigenous design and production. Examples are the assembly of A-4 *Skyhawks* by Singapore; the licensed production of the MiG-27M *Bahadur* in India; the modification of the MiG-19 into the Q-5 *Fantan* by China; and the indigenous design of the IAI *Lavi* by Israel. The total number of licensed production and co-production deals signed has risen from 18 in the 1959-1967 period to 52 in the 1977-1984 period. The final stage of indigenous production creates demands in the local economy for sophisticated engineering, advanced metallurgy, chemical industries, motor vehicle , and other industrial goods. All of these activities have important civilian spin-offs and if an arms industry can stimulate these sectors of the economy it would be a great asset. The evidence for these benefits, however, is extremely mixed.

None of the third-tier producers export arms for the military benefits and political influence that they may bring over clients. Their increasing share of the market can be explained by the fact that most of them do not manufacture top-of-the-line weapons in more than one or two categories, and are restricted to unsophisticated but durable weapons that are easily used by ill-trained armies. This, plus the low cost of the weapons, makes their products increasingly attractive to Third World military establishments wanting to avoid useless "prestige" weapons purchases.

Recipients

The motives for buying arms can be grouped into five related categories. The first would be defence: the protection of citizens and their way of life against external threats by deterring possible aggressors. Not surprisingly, this is the public justification offered for virtually all arms purchases. Second, a state may acquire arms because it expects to fight a war. Most arms acquisitions in the core Middle East have been motivated by this concern. In both of these cases, arms purchases by one party can trigger intense regional arms races. It is difficult (if not impossible) for neighbouring states to distinguish offensive from defensive military purchases, and when responsible leaders assume the worst about their opponents this can lead to an "action-reaction" arms buildup that forces all states to spend more on defence and leaves them no more secure.

The third motive for acquiring arms would be to protect a government against *internal* threats coming from a variety of sources: minorities agitating for independence, political movements of the right or left, or civilian discontent with autocratic or repressive rulers. The Tamils in Sri Lanka, the "Shining Path" guerrillas in Peru, and Iran under the Shah are examples of each of these possibilities. Clients governed by such motives are particularly troublesome for suppliers, as few suppliers wish to be publicly associated with internal repression. The fourth motive is "prestige": a state or ruler that wishes to play a larger global role calculates that military might is the shortest route to increased power. The Shah's attempt to build Iran into a regional superpower, no different from Britain or France, clearly followed this logic.

Finally, a state can attempt to use its military to "modernize" society. In many African states, for example, the military was seen (at least in theory) as the only institution that could integrate individuals from different ethnic, religious, racial or economic backgrounds and provide a focus for the development of national loyalties. It is also a vehicle for training people in technical skills. The next step is simple: if the military is to be a "modernizing institution," it must possess modern weapons. Unfortunately, in practice military establishments in newly-independent states have seldom played this role in society, and military intervention in politics has not always had beneficial consequences. In many cases, civilian rulers have also had to "buy off" the military with arms purchases to prevent it from intervening in politics.

THE FUTURE OF THE ARMS TRADE

What have been the most recent changes in the international arms market, and what do they suggest for the future? At the outset, it was noted that the volume of arms traded has declined somewhat from its 1984 peak. Some observers have optimistically concluded from this that governments around the world are realizing the wastefulness of arms spending and are redirecting their resources to other sectors. Although the evidence does not support such an optimistic conclusion, there are good reasons to expect a levelling-off of the total volume of arms traded in the next few years. Depending on the weapon, arms are acquired in a rough ten to twenty year "cycle," and many major clients are at the low point in this acquisitions cycle. In addition, the military establishments of many smaller countries are nearing a saturation point where qualitative but not quantitative improvements will be sought. Finally, the economic situation of many developing states is much worse than it was even ten years ago.

But the total volume of the arms trade is not the only index of change to look at, and a levelling off of transfers

does not necessarily signal an approaching end to regional arms races. Perhaps the most significant "external" factor that could upset the current slowdown would be technological change, as it is one of the underlying forces that fuels the demand for arms. One of the most dramatic features of international politics in the past twenty years has been the rapid diffusion of high-technology weapons. Table III below gives two measures that illustrate this, by looking at both the number of developing states that possess sophisticated weapons, and the number of developing states that can produce sophisticated weapons.

TABLE III

A. Number of Developing States with Selected Sophisticated Weapons

Weapon	Year		
	1960	1970	1985
Fighter Aircraft	18	45	67
Missiles	4	28	75
Main Battle Tanks	32	39	62
Major Naval Combatants	24	29	39

B. Number of Developing States Capable of Manufacturing Selected Weapons

Weapon	Year		
	1965	1975	1984
Fighter Aircraft	1	6	8
Helicopters	1	4	6
Missiles	0	2	7
Main Battle Tanks	1	1	5
Major Naval Combatants	1	4	6

Note: Numbers are close approximations.

Sources

Section A: Michael Brzoska and Thomas Ohlson (eds.), *Arms Transfers to the Third World, 1971-1985*, Stockholm International Peace Research Institute, Oxford University Press, Oxford, 1987, p. 12.

Section B: Michael Brzoska and Thomas Ohlson (eds.), *Arms Production in the Third World*, Stockholm International Peace Research Institute, Taylor and Francis, London, 1986, p. 23.

In the aftermath of World War II, a large technological "gap" opened up between the superpowers and other states and much of the great activity in the international arms trade since then can be understood as an attempt by other states to narrow this gap. Table III indicates that by the early 1980s they had been somewhat successful. If the pace of technological innovation in weapons slows down, we should expect a medium-term slowdown in global arms transfers. If, on the other hand, new technologies such as "Stealth" anti-radar devices for aircraft, precision-guided portable munitions, or some unimaginable spinoffs of the Strategic Defense Initiative (Star Wars) such as laser weapons, become a reality, we should expect a renewed cycle of activity in the international arms market, at least in regions where these weapons are introduced. States have so far shown a willingness to make any necessary sacrifice to obtain the sophisticated weapons that they consider vital for their security.

Finally, as we have seen, the structure of the supplier market has changed, with second- and third-tier suppliers assuming a larger role. As long as the total demand for arms was growing, there was enough room for these suppliers, and although competition was fierce, it was over a "growing pie." The Iran-Iraq war also provided a specific boost to many smaller suppliers: both combatants were at one time or another cut off from their main first- or second-tier sources of supply, and suppliers such as Israel, Brazil, Chile, North Korea and Egypt stepped in to pick up the slack.

But in a static or declining market, competition becomes more fierce and in the coming decade some second- and third-tier suppliers will inevitably fall by the wayside. The infant industries in some third-tier states will probably fail, as some have in the past. The second-tier states must either abandon their quest to stay at the forefront of military technology or cooperate in the development of new weapons. Some increased Western European cooperation in the military realm is already apparent, with projects to build fighter aircraft and a variety of missiles. But the barriers to close cooperation are formidable, as each state wishes to maximize the economic and employment benefits it will receive and to maintain as much autonomy as possible over what kind of weapons are built for its armed forces.

CANADA'S ROLE IN THE SYSTEM

Canada belongs to a group of "restrictive" suppliers within the second tier, a group that includes Japan, Sweden, Switzerland and West Germany. Each restrictive supplier has historical or political reasons for refusing to sell arms indiscriminately and for carefully controlling its choice of customers: the neutrality of Sweden or Switzerland, and the World War II memories of Germany and Japan. Canada refuses, among other things, to supply weapons to states either engaged in hostilities or under threat of war, or to regimes with persistent human rights violations.

According to the most comprehensive estimates, Canada exported almost $2 billion worth of military equipment in 1985, including electronic components, vehicles, and aerospace components. Most of this material ($1,644 million), went to the United States, with whom Canada has had a Defence Production Sharing Arrangement since 1959 that gives Canadian firms privileged access to the US military

market. Only $104 million was exported directly to the Third World or other developed states. But many Canadian-produced components end up in American weapons that are then exported to the Third World. Since the United States exports roughly ten percent of its production, if we assume that ten percent of the material flowing from Canada to the United States is in turn exported, then the total volume of Canadian exports to the Third World could reach $260 million. This makes Canada a minor second-tier supplier.

Canada is one of the second-tier suppliers that could be most affected by a constricted arms market. Although it is not a major player, its domestic demand is too small to maintain a high-tech defence industrial base without some exports. In addition, Canada does not have a policy of pursuing exports aggressively, although there has been some pressure from the defence industry for increased export assistance. The "insulation" that protects Canada to some extent is its close relationship with its main customer, the United States. Closer continental economic ties may give Canada a privileged position vis-à-vis producers such as Britain, France or West Germany.

THE POSSIBILITIES FOR CONTROLLING THE ARMS TRADE

Against this increasingly competitive backdrop the potential for international control of the arms trade remains limited and the problems more complex than a first glance might suggest. The various political, military and economic benefits that different suppliers pursue mean that, first, difficult trade-offs must be made and, second, control requires more than the application of political will or international negotiation. Second- and third-tier suppliers would especially have to sacrifice important national goals (such as an independent, high-technology, defence industry) in order to accept restraints on their arms trade.

The history of international efforts to control the arms trade extends back to World War I. The Covenant of the League of Nations that emerged after the war included the provision that "the manufacture by private enterprise of munitions and implements of war is open to grave objections." Conferences and negotiations were held towards prohibiting arms exports except under specific circumstances and with public licenses. All that resulted, however, was a voluntary register of arms exports that was extremely inaccurate and that failed to reduce the arms traffic in any way.

More recent experiments have so far been no more successful. Proposals were put forward in the United Nations in 1965 by Malta, and in 1967 and 1968 by Denmark and the Nordic states, for an international register of the arms trade, but no negotiations occurred at the international level for actual control. The subject has been raised at various forums since then, but no international action has been taken. Under President Carter, the United States in 1977 initiated a programme of unilateral restraints that were coupled with attempted multilateral negotiations with the Soviet Union and Western European exporters. The six unilateral commitments of the Carter programme were to:

1. reduce the dollar volume of transfers;
2. forswear the development of weapons designed explicitly for export;
3. prohibit co-production agreements;
4. refuse to introduce new technologies into a region;
5. abstain from government promotion abroad for sales;
6. tighten regulation on the retransfer of weapons.

Negotiations began with the Soviet Union, after Britain and France made it clear that their participation was contingent on a prior superpower agreement. Many observers suspected that the British and French secretly hoped for the talks to fail. In the event, the talks collapsed within two years. As long as general global reduction were being discussed, some progress could be made; as soon as specific regions and specific restraints (dealing with Latin America and the Middle East) came on the agenda, the loose consensus on restraint in the United States collapsed. Simultaneously, the unilateral elements of the policy ran into trouble, and by the end of Carter's presidency the possibilities for control of the arms trade looked bleak.

In recent years, however, the possibility of an international arms transfer register based in the United Nations has again received consideration, particularly in Canada, as a result of the 1986 Simard-Hockin report on Canada's international relations. It recommended that Canada should seek support for the establishment of an international arms trade register. Proponents of a register see it as a "spotlight" on governments that could, through the pressure of international and domestic public opinion, bring them to reduce wasteful or extravagant purchases. But without near-total international cooperation, compulsory disclosure of information, or a massive and difficult "detective" effort that would inevitably be politically sensitive, it is difficult to imagine such a register being successful. Only about twenty states now comply with the analogous United Nations voluntary register of military expenditures.

There are, however, some brighter spots on the horizon, although none is as comprehensive as either President Carter's or the United Nations' efforts. First, both the Americans and the Soviets have expressed interest in restrictions on the transfer of specific technologies. Technologies that can contribute to the spread of nuclear weapons head the list, but restrictions on advanced missile technology or chemical weapons capabilities have also been proposed. Both the Soviets and the Americans have taken note of the destabilizing results of Iraq's use of chemical weapons and long-range surface-to-surface missiles in the Iran-Iraq war. The Soviets cut off their supply of the latter to Iraq after the bombing of Iranian cities in 1985, and in 1987 seven Western powers agreed to controls on the transfer of missile technology.

Second, there is a growing realization that supplier restrictions can only work with the cooperation of potential recipients. To win such cooperation, attention must be paid to the broader range of regional security concerns voiced by arms recipients, in which arms transfers play a major part. There could be, for example, a tacit Soviet-American deal on Afghanistan that would curtail American support for Pakistan (and the Afghan rebels) and Soviet deliveries to the Afghan government in the interests of regional stability. A similar agreement could take shape in Southern Africa, as Cuban troops in Angola may be withdrawn in return for a reduction in American support to the UNITA rebel movement and negotiations between the Angolan government and the rebels. Finally, one can imagine a multilateral agreement concerning the Persian Gulf coming out of the Iran-Iraq peace negotiations in which all parties undertake to avoid building Iran up into the sort of threat to its neighbours (both American and Soviet clients), that Iran under the Shah became. Such a goal, however, will be very difficult to reach.

CONCLUSION

Whatever specific developments may emerge in the future, one can be certain that arms transfer relationships will not lose their importance in the political, military or economic dimensions of international relations. The arms trade cannot be understood in isolation, and as long as international politics is a "self-help" system where every state ultimately guarantees its own security, the potential for eliminating or curtailing the arms trade will be limited. The pattern followed by the arms trade is also a reflection of prevailing international realities, of the hierarchy of states and of relations between the strong and the weak. But this pattern of relations is neither static, nor entirely outside of human control. Changes to it brought about through "natural evolution" or conscious efforts can change the underlying nature of relations between states, and it is this broader focus that must be kept in mind by students of the arms trade.

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